HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499

March 14, 1977 Vol. 8 No. 11

Current Trends

Reversing the recent trend... the interest rate dropped in *HUD's* late-February sale of 56 issues of project notes totaling $157 million at an average interest rate of 2.623 percent. Average interest rate for the $152.1 million of project notes sold in mid-January was 2.6876 percent.

This trend did not apply... however... in *FNMA's* auction of $386.7 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. The *Corporation* issued $271.1 million in commitments on *Government*-backed mortgages at an average yield of 8.577. The average in the previous auction was 8.519. In the conventional auction... *FNMA* issued $115.6 million in 4-month commitments at an average yield of 8.866... up from 8.848 in February.

Canada's *Central Mortgage and Housing Corporation*... Canada's counterpart of *FHA*... has reduced its interest rate on home mortgages for the third time in 4 months. The new rate is 10¼ percent... down from 11¾ percent in October 1976. Current *HUD/FHA-VA* rate is 8 percent.

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HUD Issues 'Bad Weather' Housing Manual

The *All Weather Home Building Manual*... has been published by *HUD*. Announcing its publication... Secretary Harris said: "In view of the dramatic drop in housing starts in the winter due to cold weather, this is a timely and important document for the construction industry."

The *Manual*... which was written by the ***Research Foundation of the National Association of Home Builders***, under contract with *HUD* and the ***Department of Labor***... notes that "builders in cold weather areas plan for winter construction by preparing access roads and installing utilities by late fall. They also dig and pour foundations before the heavy frost sets in."

Also explained in the *Manual* is how builders schedule important construction stages... such as excavation, foundations, and concrete pouring... without prolonged work interruptions due to bitter cold.

The *Manual* has four sections: cold weather, hot and dry weather, wet weather, and weather information sources. Written in "how-to-do-it" style, the book is illustrated with photographs and drawings depicting important all-weather procedures and practices. **For sale for $2.70 by the *Superintendent of Documents*, Washington, D.C. 20402.**

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Publication Available

The Time Has Come... **a brochure describing the role of the *Federal National Mortgage Association* as a catalyst in encouraging private lending institutions to provide financing for the rehabilitation of housing in older neighborhoods.** Copies are available free from *FNMA*, 1133 - 15th St., N.W., Washington, D.C. 20005... or *FNMA* offices in New York, Philadelphia, Atlanta, Chicago, Dallas, or Los Angeles.

Comments on Land Sales Regulations Requested

***HUD's Office of Interstate Land Sales Registration* is inviting comments on proposed revised regulations that govern the sales or leasing of subdivided land. . . under the provisions of the Interstate Land Sales Full Disclosure Act, a consumer protection statute.** The proposed regulatory revisions are intended to simplify both the compliance process required of developers and the disclosure document which purchasers by law are entitled to receive.

The 90-day comment period will end on April 30.

Under the regulations. . . a developer is required to give to each purchaser a *Property Report.* A recent survey found that many purchasers found that document difficult to understand.

HUD is proposing a revised *Property Report* which would be simpler, less bulky, and more readable than the current version. The *Property Report,* which is prepared by the developer to ***HUD*** specifications, would have a cover page warning buyers to read carefully before buying, a table of contents on the second page and a third page briefly detailing the special risks which are inherent in land transactions.

The main disclosure portion of the *Property Report* would then follow and would describe the land being sold and the terms of sale in short narrative form. This differs from the current *Property Report* format which contains a number of questions and answers. Items found in the *Property Report* would not be repeated elsewhere in the developer's filing. . . which differs from past procedure.

To assure that purchasers know all expenses involved, a standardized list of one-time and recurring costs will be included at the end of the *Property Report.* This is to be filled out by the developer or his agent.

Also published for comment were a series of proposed technical changes of interest to the land sales industry. . . dealing with formal procedures and rules of practice.

Written comments should be sent to: *Rules Docket Clerk, HUD, Office of the Secretary,* Room 10140, Washington, D.C. 20410. Comments are due no later than April 30.

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HUD Grant to Assist Hispanic Housing Managers

HUD* has awarded a $250,000 grant to the *National Center for Housing Management (NCHM)* of Washington, D.C. to conduct a special training course for non-Hispanic managers of selected housing projects occupied largely by Spanish-speaking tenants.** The grant also provides for ***NCHM to create a career development program "designed to upgrade the qualifications of Hispanics in the housing management field."

The grant was made as the result of a recommendation of the ***National Hispanic Coalition for Better Housing.*** The ***Coalition*** will serve as an advisory group to ***NCHM.***

The project. . . expected to last about 18 months. . . also grew out of recommendations made in 1971 by the ***Cabinet Committee on Opportunities for Spanish-Speaking People.*** The ***Committee*** had urged that research be conducted on behalf of their people.

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Federal Aid Figures for 1975 Issued

The *Treasury Department* has issued a report showing the amount of Federal grants-in-aid paid out in 1975 to each of the 50 States. On a per capita basis. . . **Alaska** received the greatest amount of Federal money. . . $903.68 per person. . . while **Florida** received the least. . . $182.50 per resident.

The top 10 in per capita amounts. . . **Alaska** ($903.68); **Wyoming** ($445.50); **Montana** ($385.64); **West Virginia** ($382.31); **Vermont** ($375.01); **New Mexico** ($372.11); **South Dakota** ($358.78); **Hawaii** ($357.11); **Maine** ($354.68); and **New York** ($353.71).

President Recommends Flood Insurance

The President has indicated he believes it is important for the public to be aware of the availability of *Federal Flood Insurance.*

The flood threat due to thawing is great and could continue to grow particularly in March. It is important that the American public in the areas where heavy ice and snow accumulations exist be made aware that *Federal Flood Insurance* is readily available to individuals and businesses at what might be called 'bargain' rates. These 'bargain' rates are made possible by a Federal subsidy.

Any individual or business not already covered should act immediately because there is a 15-day waiting period before the policy can take effect, and failure to apply immediately could mean that the floods will take place before the insurance is in effect. To obtain information about eligibility and about procedures to be followed, call toll-free 800-424-8872.

HUD* has issued a publication containing answers to the 54 most frequently asked questions about the** *National Flood Insurance Program*... **which is administered by *HUD's Federal Insurance Administration.

Besides the Q&As... the publication also lists the Regional Flood Insurance specialists in each of the 10 ***HUD Regional Offices***... names and locations of the State Coordinating officials responsible for *Flood Insurance* matters in each of the States participating in the *Program*... names and addresses of the ***Insurance Servicing Companies*** handling the insurance coverage for each area of the country.

Copies of the publication: *Questions and Answers–National Flood Insurance Program* **... are available free from *HUD/FIA*, Washington, D.C. 20410.**

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Detroit Combats 'Redlining'

Mortgage lenders and city officials in Detroit have set up an organized effort to combat 'redlining.' It is hoped the new program will reduce the prevalent practice of refusing to make mortgage loans in certain neighborhoods... which tends to speed up deterioration in such areas.

The Detroit plan initiates a program that would judge a mortgage application on the basis of the specific residence or block and on the individual's credit status... rather than the condition of the area in which the property is located. Other cities... notably Philadelphia ... have instituted similar plans, but none has gone as far as the Detroit effort contemplates.

Detroit has the largest stock of single-family homes in the Nation... some 300,000 units... according to a *New York Times* article describing the 'redlining' program. The city has suffered a decline in housing quality and real estate values equal to or exceeding that of any city in the country. The mortgage effort is one of the many attempts to arrest further decline.

Under the *Detroit Mortgage Plan*... an 'impartial' panel will be created to consider rejected mortgage applications... when an applicant asks for such a review. If the panel believes the mortgage should be made... after using the established criteria... a loan will be made. The criteria will be based on a clearly defined appraisal and underwriting technique which will contemplate the individual block conditions and the proposed purchaser... and not the neighborhood. The *Plan* is designed especially for those seeking to purchase or rehabilitate properties in older neighborhoods that have in the past suffered from deterioration and 'disinvestment.'

According to the president of one of the city's major banks... and one of the participants in the *Plan*... "This is a 'greenlining' program for Detroit... which we hope will make 'redlining' a thing of the past."

Senate Housing Committee Organizes

The *Senate Committee on Banking, Housing, and Urban Affairs* took an unusual step in organizing for the current session. It designated its entire membership of 15 as the *Subcommittee on Housing and Urban Affairs.* However... Senator John Sparkman (Ala.) will serve as *Subcommittee* Chairman... rather than Senator Proxmire (Wisc.), who is Chairman of the full *Committee.* Senator Brooke (Mass.) is ranking minority Member of both the full *Committee* and the *Subcommittee.* There are nine Democratic and six Republican members.

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FYI

National Insulation Contractors Association... Annual Convention... Las Vegas, March 27-30. **Details:** *NICA,* **1120 19th St., N.W., Washington, D.C. 20036.**

George Washington University (Advanced Management Education Center)... Seminar: *Managing Your Building Maintenance Dollars...* Washington D.C., April 13-14. **Details:** ***GWU, Advanced Management Education Center, School of Government and Business Administration,* Washington, D.C. 20052 (202/676-6059.**

Concrete Reinforcing Steel Institute... Annual Spring Meeting... White Sulphur Springs, W.Va., April 19-23. **Details:** ***CRSI,* 180 No. La Salle St., Chicago, Illinois 60601.**

National Association of Review Appraisers... Professional Development Seminars: Practical Procedures for Review Appraisers... **Chicago,** March 18... **New Brunswick, N.J.,** and **Los Angeles,** March 25... **Fort Lauderdale, San Francisco,** and **Houston,** April 8. **Details:** ***NARA,* Suite 410, Midwest Federal Building, St. Paul, Minnesota 55101 (612/227-6696).**

American Society of Civil Engineers... Civil Engineering in the 21st Century... Dallas, April 25-29. **Details:** ***ASCE,* 345 E. 47th St., New York, N.Y. 10017.**

National Utility Contractors Association, Inc... Annual Convention... Hollywood, Fla., April 27-May 1. **Details:** ***NUCA,* 815 15th St., N.W., Washington, D.C. 20005.**

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